

Sequence I : Espace privé, espace public.

The rise and fall of American malls.

In **1956**, consumer retail was revolutionised. The Southdale Centre in Edina, Minnesota was the first of its kind: a large, spacious building filled with modern shops and public art. Its climate-controlled environment offered respite during the freezing Minnesota winter, a forum for bored teenagers and bargains for savvy shoppers. It was the birth of the **US** shopping mall: a cultural institution that would extend across the country and define America's suburban landscape.

But while the modern shopper has evolved, the mall has not. No longer able to attract the footfall they once boasted, many malls in the **US** are now struggling to fill floor space and falling into disrepair. Victims of online shopping, changing consumer tastes and, in some ways, their own success, a number of malls are now trapped in a swift decline. As shopping centres continue to close, however, new developments are being born; while the malls of the future are reimagined to better reflect the communities they represent, others become something else altogether.

King of retail

The history of the modern **US** mall dates back to the opening of Southdale and its designer, Victor Gruen. Gruen was an Austrian-Jewish architect who immigrated to the **US** in **1938**. His mall aimed to capture part of the life he had left behind in Europe: the bustling town square. **US** communities were beginning to spread into the suburbs, and Gruen sought to replicate the feel of a medieval market or the Greek agora: a community space where people could meet, exchange ideas, and purchase goods and services. While shops were an important part of the design, they were by no means the entire point of the space. Gruen envisioned a mall that included amenities such as medical centres, schools and even residences.

As a lucrative investment opportunity, mall construction quickly ballooned and the market became saturated

Following its debut in the **1950s**, the **US** quickly fell in love with Gruen's creation. Malls allowed people to shop in warm and friendly environments without needing to venture into the city. They brought numerous retailers and services together in a single location, something main streets and cities could rarely offer.

As **US** suburbs grew – drifting further from city centres – the popularity of malls only increased. Over 1,200 shopping malls shot up in the **US** after the earliest examples were built in the **1950s**. They became an institution, a prominent fixture in the cultural zeitgeist of suburban life.

At times it seemed like the mall would remain the undisputed king of retail forever, but following a wave of closures at the turn of the millennium,

numbers continued to dwindle and further closures now appear inevitable.

Real estate research firm Green Street Advisors measures the health of the mall industry annually. By examining factors such as occupancy, sales per square foot and the demographics malls serve, Green Street assigns grades on a scale from A++ to D. In its outlook in **2017**, Green Street graded more than 300 US malls at C+ or lower, underscoring a risk of closure in the near future. Combined, these malls account for only five percent of the total value of malls in the **US**, but once a mall begins to slide, it can be almost impossible to prop it back up.

Suburban growth

Much to the ire of their creator, malls have diverged greatly from their original concept. In a 1978 interview, Gruen made it clear he did not support the direction modern malls had taken. “I am often called the father of the shopping mall”, he said. “I would like to take this opportunity to disclaim paternity once and for all. I refuse to pay alimony to those bastard developments. They destroyed our cities.”

The biggest criticism of malls is the negative impact they have had on the previously established urban landscape. Robert J Gibbs, President of Gibbs Planning and author of ***Principles of Urban Retail Planning and Development***, said malls have been disastrous for the main streets and urban centres once found at the heart of local communities.

“The first generation of malls built in the mid-**1950s** to mid-**1960s** devastated small towns”, Gibbs said. “They pulled out the department stores from the city centres and shifted the centre of commerce from downtown to the mall. Most of the downtowns then struggled for about **25 to 30 years**. The effect was devastating.”

By their very nature, malls were built big and, as they grew, needed to move further from the town centres and communities they served. Encircled by wide highways and often lacking sufficient public transport connections, many malls became impossible to access without a car. This only worked to encourage greater urban sprawl (see *Fig 1*), and subsequently the construction of even more malls. As a lucrative investment opportunity, their construction quickly ballooned and the market became saturated.

“The suburban sprawl they generated was not sustainable and they became undervalued properties around the malls”, explained Gibbs. “People moved away from that area to another suburban place, further away. So it was an unsustainable model. As the neighbourhoods declined around the mall, the malls then lost their customers and declined themselves.”

The biggest victims of the mass construction of malls were the retailers in main streets and cities. “At their peak, [main streets and cities] had about 80 percent of the market share of retail”, Gibbs said. “After the malls left, it dropped down to five percent of the market share.” For the most part, the

cities and urban centres never truly recovered from the loss of custom. “There’s only been about 23 or 30 American cities that regained maybe 20 percent of the market share, from the 80 percent they had”, Gibbs said.

Falling sales

It is not just disappearing consumers that have led to the gradual decline of many malls: the business model that once drove them makes increasingly little sense in the modern retail environment.

The traditional architecture of a mall was a single, long, enclosed hall that connected two major department stores at either end. These department stores, often referred to as ‘anchor stores’, were the main attractions. Along the walkways connecting these stores, smaller boutiques would open and subsequently attract a portion of the people walking past. Gradually, malls began to experiment with different shapes and sizes, but the fundamental premise of connecting department stores always remained the same.

Naturally, these department stores commanded a substantial amount of power over the mall’s developers and owners. As the main attraction, they were able to negotiate everything from signage locations and the size of parking lots to exceptionally low rents. The enduring popularity of a mall’s anchor stores was integral to its ongoing survival; a department store closing could trigger a spiral of declining visitors, reducing spending and ultimately closing stores.

Unfortunately for mall developers, the department stores that supported them in the past are now beginning to flounder. In **2016**, Macy’s announced it would be closing 100 stores. Sears also plans to close over 150 stores, while JC Penny has announced a number of store closures over the last two years.

The challenge for many malls is, once a department store closes, it can be difficult to find something to fill the void. For a start, there are few modern retailers operating on the scale of a traditional department store. While some malls may be able to find a cinema to fill the space, many already have one. If a mall were to lose multiple department stores at the same time, the drop in footfall would be catastrophic.

The Starbucks Effect

For the malls that do end up closing, the space they occupied offers a vast range of opportunities for entrepreneurs, investors and government bodies alike (see *Fig 2*). “The failed malls are easily redevelopable into other land uses”, Gibbs explained. “In some cases, developers are keeping the mall structure and turning them into employment centres, community colleges and city halls.”

These redevelopments don’t necessarily mean retail is completely removed from the equation, but rather scaled down to a more suitable level. This might mean dropping retail space from one million square feet to 100,000 square

feet – a level far more sustainable in the long term.

Gibbs outlined another alternative: tear the mall down and redevelop the property into a walkable and dense mixed-use community. In a relatively small space, retail, housing and employment are all connected, reducing the average person's dependence on a car and encouraging more integrated communities.

“That’s attractive to a wide range of home buyers, from Millennials to empty nesters to seniors [and] young families”, Gibbs said. “It’s a more vibrant community because there is more to do, because you’re not dependent on the automobile, and it’s more sustainable, it takes less resources.”

The popularity of this style of development can also be very profitable for developers, with buyers showing a willingness to pay a premium to live in a more connected area.

In **2015**, research firm Zillow identified what it called the Starbucks Effect, in which properties located within a quarter-mile of a Starbucks increased in value substantially faster than those further away. The huge footprint left by a failed mall presents the perfect opportunity for the development of such a community. Gibbs recalled one property he worked on was bought for \$1m and sold for \$30m just two years later.

Gibbs said: “[This was] because [the developer] was able to put in hundreds of residential units, new retailers in a walkable format, and he created a major employment centre. So I’m very optimistic about how these old malls can be torn down or converted into mixed use communities.”

While the malls that fail may find new life as mixed-use centres or be completely redeveloped, the malls that remain will not necessarily survive unchanged. With added pressure from online shopping, merely boasting a wide selection of shops is no longer enough to draw customers in their droves. To win back consumers, malls are increasingly beginning to resemble Gruen’s original vision.

Change in management

Matt Billerbeck, Senior Vice President at architecture, planning and design practice CallisonRTKL, believes the current wave of mall closures is at least partly due to the sheer number of sites that opened between the **1950s** and **2000s**.

Billerbeck said: “It was too much of a good thing, and there were just more shopping centres than the market could support, straight up. I don’t think anyone is going to argue with that. The natural evolution of competition is some of those would start to fade no matter what, even in a decent economy.”

With added pressure from online shopping, merely boasting a wide selection of shops is no longer enough to draw customers

With online shopping taking somewhere between 10 and 20 percent of mall

sales, customers no longer need to travel for the basic and frequent purchases that once got people through the door. To combat this, Billerbeck said leading malls are improving their selection of stores and creating more reasons to visit.

One such example, according to Billerbeck, is the South Coast Plaza in Los Angeles: "It's every store you could think of. So on a big shopping day, if you want to shop, they have the entire collection. When you get together with friends and you want to see it all, try on everything and make a big set of purchases, or you're just having fun, you'll make that bigger trip."

But the way stores operate is also changing. While some department stores like Nordstrom are generating strong interest, the classic format of a store stocking a curated selection of brands is dropping in popularity. Billerbeck said alternative, specialised and more exclusive brands are emerging to fill this space: "There's all sorts of other retailers out there like Bonobos, Warby Parker and Apple; these things are the new attractors to shopping centres, they're the reason people arrive."

Billerbeck believes, with the right management, those shopping malls freed from the demands of a department store could make substantial changes to cater for more specialist and attractive brands.

He said: "At one point you would do anything to get a department store to sign a lease in a shopping centre. As they go away, all kinds of new opportunities open up. We're doing several nice projects around North America based on that exact dynamic: department store goes away, what do we do with the extra parking field and how do we expand the shopping centre?"

More than 300 **US** malls are currently at risk of closing

Malls of the future

However, it is not just store selection that is being reconsidered. Since shopping no longer commands enough draw for people to make the trip to centres, both current mall owners and developers are working to incorporate residential, office and other facilities into malls.

"The shopping centre in the **US** is going to be more like Asia", Billerbeck said. "It's the retail destination you go by every day to and from work, more like Europe, more closely connected, and more integrated into a neighbourhood."

The trend of more connected malls has long been the norm overseas. Unlike the US, these malls are generally located in urban centres and are well connected to public transport. Overall, they tend to be more accessible and don't draw people as far away from their homes. By virtue of this, the facilities are often composed of far more than just shops; incorporating services, amenities and even event spaces. Since there is more to do, they have a greater appeal.

Billerbeck said: “The idea that shopping centres used to be these abstract areas where you would leave your community, leave what is a normal day to day lifestyle pattern, leave your regular commute to and from work. That was one pattern of behaviour and then the shopping mall was a whole other thing... that’s changing.”

These more connected centres that include residential, office, retail and entertainment – like music venues or even stadiums – look a lot more like Gruen’s original vision. Billerbeck is quite optimistic about the kind of lifestyle these new malls encourage: “These are things that are more closely connected to communities and more driven by transit, healthier for the environment, more about a variety of choices and supporting cultural events. Less formulaic and more individualised, more personality driven. It’s a richer, deeper, broader experience, it’s kind of the way we hope our cities would look, and I think that’s the idea, that these are going to be seamlessly connected participants in the urban landscape.”

While the explosion of mall construction in the US may well be over, those that remain are on the brink of a new future for retail. Whether taking a revised role in the urban landscape or being completely reimagined, the self-destructive model adopted by previous mall developers appears to have come to an end. Instead, the malls of the future will seek to take a bigger role in both shaping and growing communities; no longer serving as merely retail destinations, but as communities in their own right.